

ESTTA Tracking number: **ESTTA221031**

Filing date: **06/27/2008**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92049146
Party	Defendant Studio Moderna SA
Correspondence Address	Mitchell P. Brook Luce, Forward, Hamilton & Scripps LLP 11988 El Camino Real, Ste 200 San Diego, CA 92130 UNITED STATES
Submission	Reply in Support of Motion
Filer's Name	Eric L. Lane
Filer's e-mail	elane@luce.com, mbrook@luce.com, akimball@luce.com, kbearfield@luce.com, cquatrino@luce.com
Signature	/Eric L. Lane/
Date	06/27/2008
Attachments	reply.PDF (16 pages)(594113 bytes)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of Registration No. 3,389,652

TOP SHOP TV

International Class: 35

Registration Date: February 26, 2008

Arcadia Group Brands Ltd.,)	Cancellation No. 92049146
)	
Petitioner,)	RESPONDENT STUDIO MODERNA’S
)	REPLY IN SUPPORT OF CROSS-
v.)	MOTION TO SUSPEND PENDING
)	OUTCOME OF OPPOSITION NO.
Studio Moderna SA,)	91169226; AND
)	
Respondent.)	REPLY IN SUPPORT OF
)	RESPONDENT’S ALTERNATIVE
		MOTION TO STRIKE UNDER FED. R.
		CIV. P. 12(F) PARAGRAPHS 8-11 OF
		PETITIONER’S AMENDED PETITION
		TO CANCEL

Registrant Studio Moderna SA (“Registrant” or “Studio Moderna”) hereby submits its reply in support of its Cross-Motion to Suspend Pending Outcome of Opposition No. 91169226 and its reply in support of its Alternative Motion to Strike Paragraphs 8-11 of Petitioner’s Amended Petition to Cancel.

It would be unusual to consolidate actions where the issues are not identical, and the Applicant / Registrant does not consent – as Arcadia is requesting. Moreover, as discussed in this paper, Arcadia has failed to meet its burden of persuasion. Accordingly, the interest of conservation of judicial resources is served by granting Studio Moderna’s motion and suspending the Cancellation Action pending the outcome of the long-standing opposition proceeding.

I. Petitioner Has Not Met Its Burden Of Persuasion On Consolidation

Petitioner Arcadia Group Brands Ltd. (“Petitioner” or “Arcadia”) bears the burden of persuasion on its motion to consolidate the proceedings. *See BellSouth Intellectual Property Corp. v. RealTelephony, Inc.*, 2002 TTAB LEXIS 123 (T.T.A.B. Jan. 30, 2002) (“Turning to applicant’s motion to consolidate this proceeding with Opposition No. 121,751, applicant, as the moving party bears the burden of persuading the Board to exercise its considerable discretion in this regard”). Petitioner has not met this burden.

A. The Cited Precedent Does Not Support Consolidation

The three cases cited in Petitioner’s Response for the proposition that it is typical to consolidate opposition and cancellation actions are plainly inapposite.

Consolidation actually was not opposed in two of those relied upon cases. Such cases where consolidation is not opposed are not applicable precedent because they do not involve a moving party with a burden of persuasion.

In *Hilson Research Inc. v. Society for Human Resources Management*, the parties had stipulated to consolidation, unlike here. 1993 TTAB LEXIS 14, 27 U.S.P.Q.2d 1423, n.1 (T.T.A.B. June 1, 1993) (“The Board, on September 10, 1991, approved the parties’ stipulation to consolidate, thereby allowing the parties to present the opposition and cancellation proceedings on the same record and briefs”). Also unlike the present case, there was a *sua sponte* unopposed consolidation in *8440 LLC v. Midnight Oil Company LLC*, 2001 TTAB LEXIS 409, 59 U.S.P.Q.2d 1541, n.1 (T.T.A.B. Mar. 13, 2001) (“consolidation may be ordered on the Board’s own initiative Accordingly, these cases are hereby consolidated”) (internal citations omitted). Here, Studio Moderna has opposed Petitioner’s motion to consolidate, and Petitioner bears the burden of persuasion. *See BellSouth* at *6-7. Petitioner has failed to carry

that burden, particularly in that the issues are not identical, and consolidation will lead to introduction of new issues into the two-year old action.

With the third case, Petitioner seeks to discount any differences between the word and design marks - relying on the O.J. Simpson case, which is hardly precedent here. In *Ritchie v. O.J. Simpson*, the issues concerned the scandal and disparagement that would arise from Mr. Simpson's (infamous for allegations of spouse abuse and murder) registration of a trademark for containing "SIMPSON", and whether a surname is registrable at all. *See Ritchie v. Simpson*, 1996 TTAB LEXIS 46, 41 U.S.P.Q.2d 1859 (Dec. 6, 1996), *reversed*, 170 F.3d 1092, 50 U.S.P.Q.2d 1023 (Fed.Cir.1999). Indeed, the Federal Circuit reversed and both oppositions then ended. Because likelihood of confusion was not the issue, the differences in the disputed marks were not relevant to discovery and the Board's analysis of the issues involved. Also, in the present case, Petitioner Arcadia has interjected other new issues in the Petition to Cancel, such as the Statement of Use, all of which renders the issues non-identical.

In conclusion, the cases cited by Petitioner do not support consolidation, and the cancellation and opposition proceedings should not be consolidated.

B. Petitioner Has Not Demonstrated The Efficiency Of Consolidation; Suspension Would Be More Efficient Because Disposition Of The Opposition Could Lead To Resolution Of This Cancellation And Even Moot The Cancellation

Petitioner has not carried its burden of demonstrating the efficiency of consolidation. While there are some common legal and factual issues in Cancellation No. 92049146 (the "Cancellation") and Opposition No. 91169226 (the "Opposition"), there also are new, non-overlapping issues raised by Petitioner in the Cancellation. Consolidating the proceedings would require the parties to litigate, and the Board to decide, the non-overlapping issues. By the same

token, simply resolving the Opposition likely would decide the overlapping issues and help to dispose of both cases, rendering the non-overlapping issues moot. In addition, starting a new proceeding when the first one is at a much more advanced stage is counterproductive for the Board and the parties. Efficiency and conservation of resources heavily favors resolving the Opposition first.

The primary legal issue common to both proceedings is which party has prior rights to the disputed marks in the United States which would bar registration, which it does not possess in Europe. In particular, the question is whether Petitioner has any pre-existing continuously-used trademark rights in the U.S. to serve as a basis for barring registration Studio Moderna's trademarks in the United States. However, there are significant distinctions between the two proceedings such as the differences in the services, Petitioner's allegations about the Statement of Use in the Cancellation, and the design element in only one of the challenged marks.

Petitioner's key argument on overlap glaringly fails since the issue is subject to issue preclusion. Contrary to Petitioner's assertion, the allegation that the parties' pre-existing settlement agreement that settled an opposition in Europe prevents Studio Moderna from applying for marks for services other than those in Class 25 cannot properly be considered a common issue for consolidation analysis. That issue already was disposed of by the Board's summary judgment decision in the Opposition. It is deficient for Petitioner to rely on an already decided claim subject to create a question common to both actions.

Accordingly, suspension of the Cancellation proceeding would be the most efficient way to proceed and the best procedural solution.

II. The Board's Summary Judgment Order Should Be Deemed Final For Issue Preclusion Purposes And Petitioner's Allegations Regarding Interpretation Of The Settlement Agreement Should Be Stricken

Moreover, Petitioner's argument against issue preclusion only serves to highlight reasons why it is appropriate here, and why paragraphs 8-11 of the Amended Petition should be stricken.

Petitioner relies on an irrelevant and unsupported fact issue to assert that the Board's summary judgment based on law should not be granted preclusive effect because of a purported "vastly changed" circumstance.

Setting up their misguided argument, Petitioner paraphrases and mischaracterizes the Board's Opinion. They convey the impression that the Board relied upon an assertion that Studio Moderna did not sell clothing or class 25 goods in its retail network. Actually, the Board ruled:

[E]ven assuming arguendo that applicant [Studio Moderna] does sell clothing, footwear or headgear items through its various retail services, there is no evidence of record that shows the goods themselves are marketed under the TOP SHOP mark. In fact, the record clearly demonstrates that applicant does not seek to register its proposed TOP SHOP TV and design mark for any goods in International Class 25. (Summary Judgment, p. 5, emphasis added)

The "vastly changed" circumstance is an allegation that recent discovery in the Opposition has allegedly uncovered that Studio Moderna sells clothing or other goods that might be classified in class 25 under the mark. Actually there is nothing whatsoever newly discovered. Studio Moderna, as a significant European retailer, sells many different goods in its retail channels, including clothing. That fact was before the Board on the summary judgment motion already decided in a declaration by Branimir Brkljac, an officer of Studio Moderna. (the "Branimir Dec.", dated September 8, 2006, annexed as Exhibit 1). In the declaration, Mr. Brkljac stated that, "Clothing is one of the types of goods sold by Studio Moderna through its

TOP SHOP and TOP SHOP TV shopping channels”, in Europe. A copy of this Declaration is annexed as Exhibit 1 and the quoted passage appears in Paragraph 11. Mr. Brkljac went on to state “I never would have signed a Settlement limiting Studio Moderna’s ability to sell other companies’ clothing products through the TOP SHOP TV retail and advertising channels” (Brkljac Dec. ¶ 11). Thus Petitioner raises a red herring arguing there is a “vastly changed” circumstance.

Moreover, Petitioner makes a bald assertion. There is no evidence provided to support the statement, no declaration. Accordingly, this assertion should be given no weight in consideration of the motion. *See, e.g., Imperial Tobacco Ltd. v. Philip Morris, Inc.* 899 F.2d 1575, 1581 (Fed. Cir. 1990)(“a conclusory statement on an ultimate issue does not create a *genuine* issue of fact”)(emphasis in original); *Mendenhall v. CMI Corp.*, 5 F.3d 1557 (Fed. Cir. 1993); *Nutrite Corp. v. United States*, 43 Fed.Cl. 297, 1999 U.S. Claims LEXIS 56, *6 (Ct.Cl. 1999).

Even assuming, *arguendo*, what Petitioner implied, but failed to actually state (and which Studio Moderna denies), that Studio Moderna markets Class 25 goods in the U.S. (or elsewhere) labeled with the mark at issue (or with “Top Shop”), that could not alter the construction of the parties’ prior Agreement made by the Board as a matter of law. Since the Board correctly ruled that Studio Moderna has not been seeking registration under class 25 goods. In other words, even if, as Petitioner asserts, factual “circumstances are vastly changed” since the Board’s summary judgment ruling, the Board’s correct legal conclusion on the language of the settlement agreement cannot change. Contrary to Petitioner’s assertions, failure to strike paragraphs 8-11 would result in judicial inefficiency in that the question already has been decided. Moreover,

coming long after the time for a motion for reconsideration has passed, this argument should be dismissed as untimely, sufficient reason to strike paragraphs 8-11 of the complaint.

In any event, if the Board consolidates the Opposition and Cancellation proceedings – as requested by Petitioner - then the summary judgment opinion will apply, since it would be a single case anyway. So the only tenable outcome here for judicial consistency would be to apply issue preclusion in the Cancellation action.

All of the above only highlights why issue preclusion and striking of paragraphs 8-11 of the amended Petition are appropriate. Contrary to Petitioner's contentions, the Board's April 26, 2007 summary judgment order should be deemed final for purposes of issue preclusion on the issue of interpretation of the parties' settlement agreement. That order correctly rejected Arcadia's argument that the parties' settlement agreement could be construed to cover goods other than those in which the mark is labeled on goods falling within International Class 25, and the time for reconsideration has passed.

Rule 54(b), Fed. R. Civ. P., relied on by Petitioner here, does not apply to collateral estoppel analysis. *See, e.g., Security People, Inc. v. Medeco Security Locks, Inc.*, 59 F. Supp. 2d 1040, 1045 (N.D. Cal. 1999), *aff'd*, 243 F.3d 555 (Fed. Cir. 2000) (rejecting argument that a prior summary judgment ruling could not be the basis of collateral estoppel because it did not meet the finality requirement of Rule 54(b)). In *Security People*, the defendant moved for summary judgment on issue preclusion based on a prior summary judgment decision. The plaintiff, like Petitioner here, relied on Rule 54(b) in opposition to the motion. The court rejected the plaintiff's argument that the prior summary judgment ruling could not have preclusive effect because of Rule 54(b), noting that the rule pertains to appeals:

SPI argues that the order was an interlocutory order and not a final judgment, and that it therefore cannot have preclusive effect. For this proposition, SPI relies on Fed. R. Civ. P. 54(b). But SPI's reliance on Rule 54(b) is misplaced for purposes of a collateral estoppel analysis. Rule 54(b) defines a judgment for purposes of an appeal a final judgment for purposes of collateral estoppel is any prior adjudication of an issue in another action that is determined to be "sufficiently firm" to be accorded preclusive effect." *Security People*, 59 F. Supp. 2d at 1045.

The *Vardon Golf* decision cited by Petitioner is inapposite. In that case, the Federal Circuit was applying Seventh Circuit issue preclusion law. *See Vardon Golf Co. v. Karsten Mfg. Corp.*, 294 F.3d 1330, 1333 (Fed. Cir. 2002) (stating that the court is applying the law of the regional circuit because collateral estoppel is not within the exclusive jurisdiction of the Court of Appeals for the Federal Circuit). Seventh Circuit law does not apply here.

Moreover, the law in the regional circuits is that partial summary judgment rulings are an appropriate basis for issue preclusion between the same parties. *See Dana v. E.S. Originals, Inc.*, 342 F.3d 1320, 1323 (Fed. Cir. 2003) (applying Eleventh Circuit law and holding that partial summary judgment of patent infringement was sufficiently deliberated and accorded conclusive effect); *Yamaha Corp. of America v. United States*, 745 F. Supp. 730, 732 (D.D.C. 1990), *aff'd* 961 F.2d 245 (D.C. Cir.) (giving collateral estoppel effect to partial summary judgment ruling); *Scripps Clinic and Research Foundation v. Genentech, Inc.*, 678 F. Supp. 1429, 1436-37 (N.D. Cal. 1988)(finding collateral estoppel applied to partial summary judgment rulings so long as the collateral estoppel factors are met). "Mindful of the ingenuity of counsel who can virtually always point to some difference between the first and second case, however, we have been exceedingly reluctant to permit a litigant to avoid the force of preclusion doctrine by pleading "special circumstances." *See, e.g., Western Coal Traffic League v. ICC*, 236 App. D.C. 377, 735

F.2d 1408, 1411 (D.C.Cir. 1984).” *Sec. Ind. Ass’n v. Bd. of Gov. of the Fed. Reserve Sys.*, 900 F.2d 360, 364 (D.C. Cir. 1990).

Where, as here, the summary judgment decision conclusively resolves the issue decided, the same parties were involved and represented by counsel, the decision is given preclusive effect. *See, e.g., Security People*, 59 F. Supp. 2d at 1045 (“a final judgment for purposes of collateral estoppel is any prior adjudication of an issue in another action that is determined to be ‘sufficiently firm’ to be accorded preclusive effect”). There is nothing tentative in the Board’s partial summary judgment.

The Board’s April 26, 2007 summary judgment order in the Opposition is final and firm on the issue of whether the parties’ previous settlement agreement can be construed to cover services, not just goods in Class 25. The Board stated, “[u]pon careful consideration of the arguments and evidence presented by the parties . . . we find that there is no genuine issue of material fact for trial with regards to the plain meaning of the parties’ settlement agreement at issue.” *See Arcadia Group Brands Ltd. v. Studio Moderna SA*, Opp. No. 91169226 (T.T.A.B. Apr. 26, 2007) at 5 (emphasis added). The Board denied Opposer’s motion for partial summary judgment and granted partial summary judgment in favor of Studio Moderna because “there is no genuine issue of material fact that the provisions of the parties’ settlement agreement do not place any limitations upon applicant’s use of the mark TOP SHOP in association with any services, but only in connection with goods classified in International Class 25. . . .” This is a reasoned, firm and final decision on interpretation of the settlement agreement.

In conclusion, the prior record on the summary judgment in the Opposition, and lack of any evidentiary support by Petitioner, demonstrates the deficiency of Petitioner’s argument

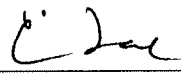
against issue preclusion. Issue preclusion should apply and paragraphs 8-11 of the Amended Petition should be stricken.

III. Conclusion

For at least the foregoing reasons, Respondent Studio Moderna respectfully requests that the Board (i) Deny the Motion to Consolidate; (ii) Grant Studio Moderna's Motion To Suspend this Cancellation proceeding pending resolution of the Opposition proceeding; and/or (iii) In the alternative, Grant Studio Moderna's Motion to Strike paragraphs 8-11 of Petitioner's Amended Petition to Cancel.

Dated: 6/27/08

Respectfully submitted,

By: 

Mitchell P. Brook
Andrea M. Kimball
Eric L. Lane
Attorneys for Respondent

Luce, Forward, Hamilton & Scripps LLP
11988 El Camino Real, Suite 200
San Diego, California 92130
Telephone: (858) 720-6335

EXHIBIT 1

DECLARATION OF BRANIMIR BRKLJAC

I, BRANIMIR BRKLJAC, declare:

1. I am the President of Studio Moderna SA, the party that has applied to register the TOP SHOP TV trademark and service mark in the United States.

2. The statements set forth in this declaration are made on my personal knowledge, or if made upon information and belief, are believed to be true after a good faith investigation. If called to testify in this matter, I could and would testify thereto.

3. Studio Moderna was established at least as early as 1992. Studio Moderna now is the largest television sales brand in Central and Eastern Europe, where it operates in 20 countries and reaches a market of approximately 320 million people. Studio Moderna also operates in other countries, including countries in Western Europe and North America, via selling activity, trading activity, trade shows, etc.

4. Studio Moderna is in several businesses. One is retailing, via home shopping services, Internet, and brick and mortar locations. Studio Moderna operates such retailing channels internationally under the TOP SHOP and TOP SHOP TV brands. Studio Moderna also develops and markets its own proprietary products, which include health-related products, exercise and sporting equipment, mattresses, and sleepwear. Studio Moderna sells both third-party products and its proprietary products through its TOP SHOP retailing channels.

5. On or about April 30, 2004, I signed a settlement agreement, entitled "Agreement," between Studio Moderna and Arcadia Group Brands Limited ("Arcadia") (the

“Settlement”). I am searching my records to verify that the copy provided by Arcadia is a correct copy.

6. Studio Moderna and Arcadia entered into the Settlement in order to resolve disputes concerning trademark applications of Studio Moderna in Greece, Estonia, and Turkey on marks containing TOP SHOP. These were among several dozen countries – including, among others, countries in Western, Central, and Eastern Europe – covered in international trademark applications filed by Studio Moderna.

7. Paragraph 1 of the copy of the Settlement provided by Arcadia states that “Studio Moderna undertakes not to use the mark TOP SHOP for designation of goods from class 25 of Nice classification (articles of clothing, footwear and headgear) in any country.” Paragraph 2 of the Settlement has a reciprocal undertaking by Arcadia, stating, “Arcadia Group undertakes not to use the mark TOP SHOP for designation of goods from class 10 of Nice classification (surgical, medical, dental and veterinary apparatus and instruments, artificial limbs, eyes and teeth; orthopedic articles; suture materials) in any country, except the United Kingdom and Republic of Ireland.”

8. When I signed the Settlement on behalf of Studio Moderna, I did so with the understanding that Studio Moderna’s trademarks had priority over Arcadia’s, but I wished to avoid the further expense of a contested matter by entering into a limited Settlement. The Settlement was to allow Studio Moderna’s trademark applications in the three countries to proceed to registration without further opposition. As part of the Settlement, I understood that both parties agreed not to use the TOP SHOP brand as applied to certain specified goods. In the case of Arcadia, Arcadia agreed not to use the mark TOP SHOP on specified goods in class 10. In the case of Studio Moderna, I understood that Studio Moderna agreed not to apply its

trademark TOP SHOP to “articles of clothing, footwear and headgear,” which fall within International Class 25.

9. However, it was also my understanding that the Settlement did not prevent Studio Moderna from selling clothing that does not bear the mark TOP SHOP, or from registering TOP SHOP as a service mark for Studio Moderna’s home shopping services in International Class 35 (regardless of whether clothing was offered through Studio Moderna’s home shopping services). I also did not understand that the Settlement would bar Studio Moderna from registering its TOP SHOP mark in either of International Classes 25 or 35.

10. No one at Arcadia ever told or suggested to me (or, to my knowledge, ever told or suggested to anyone else from Studio Moderna) that the Settlement was intended to prevent Studio Moderna from selling clothing that does not bear the mark TOP SHOP, or from registering TOP SHOP as a service mark for Studio Moderna’s home shopping services in International Class 35.

11. Clothing is one of the types of goods sold by Studio Moderna through its TOP SHOP and TOP SHOP TV shopping channels. Accordingly, I never would have signed a Settlement limiting Studio Moderna’s ability to sell other companies’ clothing products through the TOP SHOP TV retail and advertising channels.

12. As of April 29, 2004, I was aware that Studio Moderna had previously filed two trademark applications with the United States Patent & Trademark Office seeking registration of TOP SHOP TV marks for, among other things, home shopping services in International Class 35. I did not understand that the Settlement would have any effect upon those trademark applications. No one at Arcadia ever told or suggested to me (or, to my knowledge, ever told or suggested to anyone else from Studio Moderna) that the Settlement would have any effect on

Studio Moderna's pending applications to register the TOP SHOP TV marks in the United States.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct and that this declaration was executed at Las Vegas, Nevada on September 8, 2006.


BRANIMIR BRKLJAC

CERTIFICATE OF SERVICE

I hereby certify that I served a true copy of the foregoing RESPONDENT STUDIO MODERNA'S
REPLY IN SUPPORT OF CROSS-MOTION TO SUSPEND PENDING OUTCOME OF
OPPOSITION NO. 91169226; AND REPLY IN SUPPORT OF RESPONDENT'S ALTERNATIVE
MOTION TO STRIKE UNDER FED. R. CIV. P. 12(F) PARAGRAPHS 8-11 OF PETITIONER'S
AMENDED PETITION TO CANCEL to the following attorneys via electronic mail at the e-mail
addresses set forth below and via U.S. mail at the postal address set forth below.

Floyd A. Mandell
William J. Dorsey
Cathay Y. N. Smith
KATTEN MUCHIN ROSENMAN LLP
Attorneys for Petitioner
525 West Monroe Street
Chicago, Illinois 60661-3693
floyd.mandell@kattenlaw.com
william.dorsey@kattenlaw.com
cathay.smith@kattenlaw.com

Date: 6/27/08

Signature: 

Eric L. Lane
LUCE, FORWARD, HAMILTON &
SCRIPPS, LLP
11988 El Camino Real, Suite 200
San Diego, California 92130